

AVENUE SERVICES (NW) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Company Number: 08002607

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Directors and advisors

Directors

Keith Board
Gordon Cairns
Yvonne Davies
Carol Gahan
William Hogg
Anthony King
Ben Powell
Judith Stainthorp

Company Secretary

Sophie Atkinson

Bankers

Barclays Bank plc
Barclays Corporate
Social Housing Team
Level 27
1 Churchill Place
London
E14 5HP

Legal advisors

Gowling WLG (UK) LLP
Two Snow Hill
Birmingham
B4 6WR

Independent auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered office

Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

Registration number

Company Number: 08002607

Directors' Report for the year ended 31 March 2017

The Board of Directors (the Board) submit their Annual Report and the audited financial statements for the year ended 31 March 2017.

Principal activities

Avenue Services (NW) Limited (the Company) was registered on 22 March 2012 under the Companies Act 2006 number 08002607, with the purpose of providing a wide range of services and social facilities to the residents of Blacon and the wider borough of Cheshire West and Chester.

The Company's ultimate parent undertaking is Sanctuary Housing Association and the Company forms part of the Sanctuary Group of entities (the Group).

Going Concern

The Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in its financial statements.

Review of business and future developments

The Company was created for the benefit of the residents of Blacon and was originally established with two members, namely Chester & District Housing Trust Limited (the Trust) and Cheshire West and Chester Council (the Council). Sanctuary Housing Association (the Association) replaced the Trust as a member following a transfer of engagement of the Trust to the Association on 31 March 2015.

The Company's aims of ensuring that local people are actively engaged in the delivery of quality local services have continued to be delivered throughout the year.

We have completed the first full year's operation of the Parade Enterprise Centre, under the Company's management, which has proved to be a valuable and well used local facility for the people of Blacon. As well as the library and local shops, eight new start-up businesses have been housed at the Centre and have benefitted from the support and advice offered by the Avenue Services team.

The Company has once again been active through its community investment programme, re-investing £75,000 of surpluses generated by the Company back into the community to support local organisations. Operating efficiencies and additional surplus made by the company has also allowed a number of one-off projects to be funded, including the new off-road cycle track, to be opened in time for the 2017 summer holidays and the renovation of and improvement to the Blacon adventure playground site.

All surpluses generated by the Company are reinvested back into the community, and a further £80,000 community investment programme is planned for 2017/2018, targeted at the areas of employment, education, skills, training, health and wellbeing, community safety, environment and financial inclusion. The Company will also commence, in collaboration with the Council and local residents, a two year refurbishment programme of the play areas across Blacon.

The end of the year saw the first three people start on an alternative employment programme, a joint programme with the Council to provide paid employment and training opportunities for up to four local people per year, over a four year period.

A further milestone was reached on the 1st November with the transfer of a number of local assets to the Company from the Council on long term leases; these assets include both buildings and a number of open spaces. The Board is currently assessing how best these assets can be utilised for the benefit of the local community. The transfers were for nil consideration and so were treated as a grant of non-monetary assets in accordance with the policy detailed in note 1. At the point of transfer the assets were recognised within tangible assets at a total fair value of £462,600 and an equal amount of deferred grant was included within creditors.

Directors' Report for the year ended 31 March 2017 continued

Review of business and future developments continued

When considering the future use of these assets the Board will ensure all decisions meet the Company's aims of:

- combining and harnessing local assets to generate future income streams to support services designed to meet the needs of local residents; and
- ensuring local people are actively engaged in the management of local assets.

Results

The results of the Company for the year ended 31 March 2017 are set out on page 8.

Key performance indicators

The Company is part of the Group and is therefore subject to Group financial management and monitoring of performance.

Principal risks

The Company operates a risk mapping process as part of its annual business planning cycle. This process identifies a number of external factors which affect the Company. The Board reviews and approves the risk map.

The principal risks for the Company covered by the risk map considered by the Board during 2016/2017 are:

- Delivering the outputs required for the service specifications;
- Customer satisfaction and engagement with the community of Blacon;
- Preparing for the transfer of assets and further service transfers; and
- Demonstrating value for money and value added services within Blacon

Directors and their interests

The Board of Directors includes community members which ensures that the needs of the community are met by the Company.

Directors who have served during the year and to the date of the financial statements being approved were:

Keith Board	(resigned 14/07/16, appointed 21/06/17)
Gordon Cairns	(community member, appointed 15/09/16)
Yvonne Davies	(community member)
Hugo Deynem	(appointed 14/07/16, resigned 21/06/17)
Hugh Evans	(resigned 15/09/16)
Carol Gahan	(Vice Chair)
William Hogg	(Chair, appointed 15/09/16)
Reginald Jones	(resigned 07/03/17)
Anthony King	
Ben Powell	(appointed 15/05/17)
Judith Stainthorp	

Company Secretary

Sophie Atkinson

Directors' Report for the year ended 31 March 2017 continued

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

United Kingdom Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

In the case of each Director in office at the date the Directors' Report is approved:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

KPMG LLP has indicated its willingness to continue in office. A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the Board.



William Hogg
Chairman

13 July 2017

Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUE SERVICES (NW) LIMITED

We have audited the financial statements of Avenue Services (NW) Limited for the year ended 31 March 2017 set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENUE SERVICES (NW) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Gordon Docherty (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

20/7/17

Profit and Loss Account for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	2,137	2,086
Cost of sales		(1,785)	(1,741)
Gross profit		<u>352</u>	<u>345</u>
Operating expenses		(369)	(346)
Operating loss	3	<u>(17)</u>	<u>(1)</u>
Interest receivable		1	2
(Loss)/profit on ordinary activities before taxation		<u>(16)</u>	<u>1</u>
Tax on (loss)/profit on ordinary activities	6	3	-
(Loss)/profit for the financial year		<u><u>(13)</u></u>	<u><u>1</u></u>

The (loss)/profit for the current and prior years relates wholly to continuing activities.

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents.

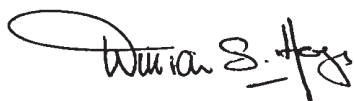
There are no recognised gains and losses other than those included in the Profit and Loss Account above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 11 to 19 form part of these financial statements.

Balance Sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	7	502	-
		<u>502</u>	<u>-</u>
Current assets			
Debtors	8	440	320
Cash at bank and in hand		625	354
		<u>1,065</u>	<u>674</u>
Creditors: amounts falling due within one year	9	(702)	(288)
Net current assets		<u>363</u>	<u>386</u>
Total assets less current liabilities		<u>865</u>	<u>386</u>
Creditors: amounts falling due after more than one year	10	(456)	-
Provisions	11	(122)	(86)
Net assets		<u><u>287</u></u>	<u><u>300</u></u>
Capital and reserves			
Profit and loss account		287	300
Total members' funds		<u><u>287</u></u>	<u><u>300</u></u>

The financial statements were approved and authorised by the Board of Directors on 13 July 2017 and signed on its behalf by:



William Hogg
 Chairman

The notes on pages 11 to 19 form part of these financial statements.

Statement of Changes in Equity 31 March 2017

	Profit and loss account £'000	Total members' funds £'000
At 1 April 2015	299	299
Profit for the year	1	1
Total comprehensive income	<u>1</u>	<u>1</u>
At 31 March 2016	<u>300</u>	<u>300</u>
At 1 April 2016	300	300
Loss for the year	(13)	(13)
Total comprehensive income	<u>(13)</u>	<u>(13)</u>
At 31 March 2017	<u>287</u>	<u>287</u>

The notes on pages 11 to 19 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2017

1. Principal accounting policies

General information

Avenue Services (NW) Limited is a company incorporated and domiciled in the UK.

The financial statements are presented in pounds sterling, which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest thousand.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Sanctuary Housing Association, includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Comparative period reconciliation for property, plant and equipment
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Sanctuary Housing Association include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historical cost basis.

Going concern

The Board confirms that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company also has the continued support of its parent, Sanctuary Housing Association. Accordingly the Company continues to adopt the going concern basis in its financial statements.

Notes to the Financial Statements for the year ended 31 March 2017

1. Principal accounting policies (continued)

Critical accounting estimates, judgements and assumptions

The Directors have not been required to make any judgements which have a significant impact upon the financial statements, nor have they been required to make any significant estimates or assumptions which could result in a significant risk of material adjustments in future periods.

Turnover

Turnover represents income received for services completed and the provision of facilities for the Council, Association and the residents of Blacon. Turnover is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes. Where charges are billed in advance these are recorded as deferred income.

Costs

Costs directly relating to the provision of services are shown as cost of sales whilst general overheads are shown as operating expenses.

Value Added Tax (VAT)

The majority of the Company's turnover is intra-group; however certain activities are subject to VAT and give rise to VAT recovery. Where appropriate, costs are stated including irrecoverable VAT.

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Provisions for liabilities and charges

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the Financial Statements for the year ended 31 March 2017**1. Principle accounting policies (continued)****Property, plant and equipment**

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Leasehold land and buildings	Over the period of the lease
Plant and equipment	4 to 10 years

Government grants

Where a grant is received from government bodies as a contribution towards the capital cost of assets, it is recognised as income using the performance model. Prior to satisfying the performance conditions, such grants are held as deferred income on the Balance Sheet. Once the conditions are satisfied the grant is recognised as income on a systematic basis.

Where assets are transferred from government bodies without payment of consideration, they are treated as a government grant of non-monetary assets and both an asset and a deferred grant liability are recognised at the fair value of the non-monetary asset transferred. Subsequently the asset is depreciated and grant amortised in accordance with the policies detailed above.

Impairment testing – property

When an impairment indicator is identified, an impairment review is performed at an individual property level and compared against the higher of:

- the fair value less selling costs of the property, or
- its value in use (VIU).

Fair value is deemed to be the market value of the property based on its current use. The recoverable amount is calculated using an assessment of future discounted cash flows or other valuation methods deemed appropriate.

Should the net book value of the property exceed the higher of these measures, it is impaired to this value, with the movement going through Profit and Loss.

Notes to the Financial Statements for the year ended 31 March 2017 continued

2. Turnover

	2017	2016
	£'000	£'000
Revenue from the rendering of services	2,135	1,963
Grant income/amortisation	2	123
	<u>2,137</u>	<u>2,086</u>

3. (Loss)/profit for the financial year

(Loss)/profit for the financial year is stated after charging:	2017	2016
	£'000	£'000
Operating lease rentals – land and buildings	6	6
Operating lease rentals – vehicles	66	95
Provision for onerous lease	36	86
Depreciation	2	-
Auditor's remuneration for audit services	2	2
	<u>2</u>	<u>2</u>

4. Directors' emoluments

The Directors (including the Chair and Vice Chair) received compensation for attending Board meetings and completing other business related activities as follows:

	2017	2016
	£'000	£'000
Emoluments	<u>-</u>	<u>8</u>

5. Employee information

Employees of the Company:	2017	2016
	£'000	£'000
Wages and salaries	61	-
Social security costs	5	-
Other pension costs	13	-
	<u>79</u>	<u>-</u>

The average monthly number of persons employed during the year expressed in full-time equivalents was:

	2017	2016
	Number	Number
Site based staff	2.0	-
Office based staff	0.5	-
	<u>2.5</u>	<u>-</u>

The average monthly number of persons employed at year end expressed in full-time equivalents was:

	2017	2016
	Number	Number
Site based staff	6.1	-
Office based staff	1.5	-
	<u>7.6</u>	<u>-</u>

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

Notes to the Financial Statements for the year ended 31 March 2017 continued
5. Employee information (continued)

In conjunction with the assets transfer detailed in note 7, 11 staff transferred from the Council to the Company under a TUPE arrangement on 1 November 2016, taking the total number of employees at year end to 11 (2016: nil).

Additionally, employees of the Association performed services on behalf of the Company and the relevant costs, including any social security and pension costs, were recharged to the Company.

Employee costs recharged to the Company by the Association:	2017	2016
	£'000	£'000
Employee costs recharged	<u>1,381</u>	<u>1,443</u>

6. Tax on (loss)/profit on ordinary activities

(a) Analysis of tax charge for the year

	2017	2016
	£'000	£'000
UK corporation tax:		
Current tax on (loss)/profit for the year	<u>-</u>	<u>-</u>
Total current tax	-	-
Deferred tax:		
Temporary timing differences	<u>(3)</u>	<u>-</u>
Total deferred tax	(3)	-
Tax on (loss)/profit on ordinary activities	<u>(3)</u>	<u>-</u>

b) Factors affecting the tax charge in the year

The tax charge for the year is at the main rate of corporation tax in the UK of 20% (2016: 20%):

	2017	2016
	£'000	£'000
(Loss)/profit on ordinary activities before tax	<u>(16)</u>	<u>1</u>
(Loss)/profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 20% (2016: 20%)	(3)	-
Loss carried forward	3	
Deferred tax asset movement	<u>(3)</u>	<u>-</u>
Total tax (credit)/charge for the year	<u>(3)</u>	<u>-</u>

(c) Factors affecting future tax charge

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly.

Notes to the Financial Statements for the year ended 31 March 2017 continued
7. Tangible assets

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2016	-	-	-
Additions during year	465	39	504
At 31 March 2017	<u>465</u>	<u>39</u>	<u>504</u>
Depreciation			
At 1 April 2016	-	-	-
Charge for the year	2	-	2
At 31 March 2017	<u>2</u>	<u>-</u>	<u>2</u>
Net book value			
At 31 March 2017	<u>463</u>	<u>39</u>	<u>502</u>
At 31 March 2016	<u>-</u>	<u>-</u>	<u>-</u>

Impairment

In accordance with the policies set out in note 1 the Company has reviewed all properties for indicators of impairment. For the year ended 31 March 2017 no impairments have been identified.

Assets pledged as security

No assets have been pledged to secure borrowings.

Assets transfers

During the year, the Council transferred a number of assets to the Company for nil consideration. These transfers were treated as a grant of non-monetary assets in accordance with the policy detailed in note 1. The assets were recognised within tangible assets at a total fair value of £462,600 and are included within the additions line above.

An equal amount of deferred grant was included within creditors, split between amounts falling due within one year and amounts due after more than one year (notes 9 and 10). Subsequently £2,000 of this grant has been amortised and included in turnover (note 2).

Notes to the Financial Statements for the year ended 31 March 2017 continued
8. Debtors

	2017	2016
	£'000	£'000
Trade debtors	414	309
Amounts owed by fellow group undertakings	2	5
Other debtors	15	-
Deferred tax asset	9	6
	<u>440</u>	<u>320</u>

Trade debtors include a provision for bad and doubtful debts to the sum of £nil (2016: £nil).

Amounts owed by fellow group undertakings are current, trading in nature and do not bear interest.

9. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	20	31
Amounts owed to parent undertaking	179	6
Other taxation and social security	3	-
Other creditors	45	-
Accruals and deferred income	450	251
Deferred grant	5	-
	<u>702</u>	<u>288</u>

Amounts owed to parent undertaking and fellow subsidiaries are trading in nature and do not bear interest.

10. Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Deferred grant	456	-
	<u>456</u>	<u>-</u>

11. Provisions

	2017	2016
	£'000	£'000
1 April	86	-
Provided in the year	36	86
31 March	<u>122</u>	<u>86</u>

The provision is being unwound over the remaining term of the lease and will be fully utilised by August 2056.

Notes to the Financial Statements for the year ended 31 March 2017 continued
12. Operating lease rentals

Non-cancellable operating lease rentals are payable as follows:

	2017 £'000	2016 £'000
Land and buildings:		
Under one year	6	6
In the second to fifth year inclusive	23	23
In more than five years	191	197
	<u>220</u>	<u>226</u>
Vehicles:		
Under one year	41	93
In the second to fifth year inclusive	88	231
	<u>129</u>	<u>324</u>
Total:		
Under one year	47	99
In the second to fifth year inclusive	111	254
In more than five years	191	197
	<u>349</u>	<u>550</u>

Minimum lease payments are presented on an undiscounted basis and do not include discretionary rent reviews.

13. Share capital

The Company is limited by guarantee and has no share capital. The Members of the Company guarantee to contribute £1 in the event of winding up.

Notes to the Financial Statements for the year ended 31 March 2017 continued

14. Related party transactions

During the year the Company provided services to the Association to the value of £1,435,899 (2016: £1,397,702) and was recharged costs by the Association totalling £1,522,440 (£2016: £1,612,273); these recharges included £1,381,372 of staff costs (2016: £1,442,542). At the year end the Company owed £179,084 to the Association (2016: £5,606).

During the year Sanctuary Maintenance Contractors Limited, a fellow member of the Sanctuary Group, provided services to the Company to the value of £8,760 (2016: £8,179). At the year end the Company was owed £1,522 by Sanctuary Maintenance Contractors Limited due to a purchase invoice credit (2016: £1,454).

During the year the Company provided services to Sanctuary Housing Services Limited, a fellow member of the Sanctuary Group to the value of £nil (2016: £3,780). At the year end the Company was owed £nil by Sanctuary Housing Services Limited (2016: £3,780).

During the year the Company provided services to the Council to the value of £628,522 (2016: £513,732). At the year end, the Council owed the Company £413,800 (2016: £302,905). The Company was invoiced a total of £40,972 (2016: £23,232) by the Council during the year, relating to rent, rates and other costs. At the year end the Company owed the Council £17,096 (2016: £15,000).

Also during the year, the Council transferred a number of assets to the Company for nil consideration. These transfers were treated as a grant of non-monetary assets in accordance with the policy detailed in note 1. The assets, along with an equal amount of grant, have been recognised in the financial statements at a total fair value of £462,600.

15. Post balance sheet events

There are no post balance sheet events to report.

16. Ultimate controlling party

The Company has two members: Sanctuary Housing Association (the Association) and Cheshire West and Chester Council (the Council).

On any resolution in general meeting 100 votes shall be available of which:

- (a) The Council shall be entitled to cast 49 votes
- (b) The Association shall be entitled to cast 51 votes

The Company is therefore deemed to be under the control of the Association.

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Homes and Communities Agency (Number L0247).